

Message Text

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TO USMISSION USUN NEW YORK IMMEDIATE

C O N F I D E N T I A L STATE 207582

NODIS

FOLLOWING REPEAT JERSUALEM 1445 ACTION SECSTATE DATED 30 AUG 75

QUOTE

C O N F I D E N T I A L JERUSALEM 1445

NODIS

HANDLE AS EXDIS

DELIVER AT THE OPENING OF BUSINESS

FOR ENDERS (EB) AND LEWIS (SP) FROM LORD

PLEASE PASS TO MOYNIHAN FOR HIS REVIEW

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY -.) UNGA

SUBJECT: UNGA SPEECH

FOLLOWING IS THE TRADE SECTION OF DRAFT NUMBER 10.

4. TRADE

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1. THE THIRD BASIC AREA FOR OUR ATTENTION IS TRADE.

IMPROVING THE WORLD TRADING SYSTEM WILL MAGNIFY OUR SUCCESS IN EVERY OTHER SPHERE OF THE DEVELOPMENT EFFORT.

2. TRADE HAS BEEN A DRIVING FORCE IN THE UNPRECEDENTED EXPANSION OF THE WORLD ECONOMY OVER THE LAST THIRTY YEARS. COMPETITIVE ADVANTAGE AND SPECIALIZATION, THE EXCHANGE OF TECHNOLOGY AND THE MOVEMENT OF CAPITAL, THE SPUR TO PRODUCTIVITY THAT COMPETITION PROVIDES--THESE ARE CENTRAL ELEMENTS OF EFFICIENCY AND PROGRESS. OPEN TRADE PROMOTES GROWTH AND COMBATS INFLATION IN ALL COUNTRIES.

3. FOR DEVELOPING NATIONS, TRADE IS PERHAPS THE MOST IMPORTANT ENGINE OF DEVELOPMENT. INCREASED EARNINGS FROM EXPORTS HELP PAY FOR BOTH THE IMPORTS THAT ARE ESSENTIAL TO EXPAND PRODUCTION AND THE FOOD FOR GROWING POPULATIONS. THESE EARNINGS REDUCE DEPENDENCE ON AID, LIMIT THE ACCUMULATION OF DEBT, AND HELP FINANCE ESSENTIAL BORROWING. GROWING EXPORT INDUSTRIES CAN PROVIDE JOBS AND INCREASE THE GOVERNMENT REVENUES NECESSARY FOR DEVELOPMENT PROGRAMS. IT IS NO ACCIDENT, THEREFORE, THAT THE SUCCESS STORIES IN DEVELOPMENT OF THE PAST THREE DECADES HAVE BEEN THOSE VERY COUNTRIES THAT HAVE TAKEN FULL ADVANTAGE OF THE OPPORTUNITIES IN WORLD TRADE.

4. BUT TODAY THE GLOBAL TRADING SYSTEM IS THREATENED BY THE MOST SERIOUS RECESSION SINCE THE SECOND WORLD WAR. WE FACE THE DANGER OF PROLIFERATING ARTIFICIAL BARRIERS, AND UNFAIR COMPETITION REMINISCENT OF THE 1930'S WHICH CONTRIBUTED TO ECONOMIC AND POLITICAL DISASTER. EVERY DAY THAT ECONOMIC RECOVERY IS DELAYED, THE TEMPTATION GROWS TO RESTRICT IMPORTS, SUBSIDIZE EXPORTS, AND CONTROL SCARCE COMMODITIES. CONCERTED ACTION IS NECESSARY NOW TO SAFEGUARD AND IMPROVE THE OPEN TRADING SYSTEM ON WHICH THE FUTURE WELL-BEING OF ALL OUR COUNTRIES DEPEND.

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THE MULTILATERAL TRADE NEGOTIATIONS NOW TAKING PLACE IN GENEVA ARE CENTRAL TO THIS EFFORT. THEY WILL HAVE A PROFOUND IMPACT ON THE FUTURE OF THE WORLD ECONOMY AND THE PROSPECTS FOR DEVELOPMENT. IF THESE NEGOTIATIONS FAIL, ALL COUNTRIES RISK A SLIDE INTO AN INCREASINGLY FRAGMENTED, CLOSED WORLD OF NATIONALISM, BLOCS, AND MOUNTING FRICTIONS. IF THEY SUCCEED, ALL COUNTRIES WILL BENEFIT AND THERE WILL

BE MAJOR PROGRESS TOWARD A COOPERATIVE AND PROSPEROUS WORLD.

6. MANY OF THE LESS DEVELOPED NATIONS ARE EMERGING AS IMPORTANT COMMERCIAL POWERS. BUT THEY NEED ASSISTANCE TO TAKE BETTER ADVANTAGE OF THEIR TRADING OPPORTUNITIES AND SPECIAL HELP TO BREAK INTO NEW MARKETS. IN DEVISING RULES TO GOVERN TRADE WE MUST TAKE ACCOUNT OF THEIR PARTICULAR NEEDS. IN THIS CONNECTION, REGIONAL TRADING ASSOCIATIONS CAN HELP MANY SMALL COUNTRIES BY PROVIDING THE ECONOMIES OF SCALE WHICH RESULT FROM LARGER MARKETS.

7. THUS SUCCESS IN THE NEGOTIATIONS DEPENDS CRITICALLY ON PROMOTING THE INTERESTS OF THE DEVELOPING COUNTRIES. FOR IF THEY DO NOT HELP TO MAKE THE RULES AND SHARE IN THE BENEFITS OF TRADE, THE RULES WILL

BE SUBJECT TO INCREASING CHALLENGE AND THE BENEFITS FOR ALL NATIONS WILL BE JEOPARDIZED.

8. THE UNITED STATES THEREFORE BELIEVES THAT A MAJOR GOAL OF THE MULTILATERAL TRADE NEGOTIATIONS SHOULD BE TO MAKE THE TRADING SYSTEM BETTER SERVE DEVELOPMENT GOALS. LET ME BRIEFLY OUTLINE OUR POLICY.

9. FIRST, THERE MUST BE FUNDAMENTAL STRUCTURAL IMPROVEMENT IN THE RELATIONSHIP OF THE DEVELOPING COUNTRIES TO THE WORLD TRADING SYSTEM. IN THE EARLIER STAGES OF THEIR DEVELOPMENT, THEY SHOULD RECEIVE SPECIAL TREATMENT THROUGH A VARIETY OF MEANS-- SUCH AS PREFERENCES, FAVORABLE CONCESSIONS AND EXCEPTIONS WHICH REFLECT THEIR ECONOMIC STATUS. BUT
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AS THEY PROGRESS TO A HIGHER LEVEL OF DEVELOPMENT, THEY MUST GRADUALLY ACCEPT THE SAME OBLIGATIONS OF RECIPROCITY AND STABLE ARRANGEMENTS THAT OTHER COUNTRIES UNDERTAKE. AT SOME POINT THEY MUST BE PREPARED TO COMPETE ON MORE EQUAL TERMS, EVEN AS THEY DERIVE GROWING BENEFITS.

10. SECONDLY, WE MUST IMPROVE OPPORTUNITIES FOR THE MANUFACTURING SECTORS OF DEVELOPING COUNTRIES. THESE PROVIDE THE MOST PROMISING NEW AREAS FOR EXPORTS AT THE CRITICAL STAGE IN DEVELOPMENT, BUT THE TARIFFS OF INDUSTRIAL COUNTRIES ARE A MAJOR OBSTACLE. TO EASE THIS PROBLEM THE UNITED STATES PROPOSED YEARS AGO A PROGRAM OF GENERALIZED TARIFF PREFERENCES TO PERMIT DEVELOPING COUNTRIES ENHANCED

ACCESS TO THE MARKETS OF INDUSTRIALIZED NATIONS.

11. I AM PLEASED TO ANNOUNCE TODAY THAT THE UNITED STATES PROGRAM WILL BE PUT INTO EFFECT ON JANUARY 1, 1976. AND BEFORE THAT DATE, WE WILL BEGIN CONSULTATIONS AND PRACTICAL ASSISTANCE TO ENABLE EXPORTING COUNTRIES TO BENEFIT FROM THE NEW TRADE OPPORTUNITIES IN THE AMERICAN MARKET--THE LARGEST SINGLE MARKET FOR THE MANUFACTURED GOODS OF DEVELOPING COUNTRIES.

12. THIRDLY, WE MUST CHANGE THE SYSTEM OF PROTECTION IN THE INDUSTRIALIZED COUNTRIES THAT FAVORS THE IMPORT OF RAW MATERIALS OVER OTHER GOODS. MANY COUNTRIES IMPOSE LOW OR NO DUTIES ON RAW MATERIALS AND HIGH DUTIES ON MANUFACTURED OR PROCESSED GOODS; THE TARIFF PROTECTION INCREASES OR "ESCALATES" WITH THE DEGREE OF PROCESSING. NOTHING COULD BE BETTER CALCULATED TO DISCOURAGE AND LIMIT THE GROWTH OF MANUFACTURING INDUSTRIES IN DEVELOPING COUNTRIES. THE UNITED STATES WILL GIVE HIGH PRIORITY IN THE GENEVA NEGOTIATIONS TO REDUCING THESE BARRIERS.

13. FOURTH, IN KEEPING WITH THE TOKYO DECLARATION, WE SHOULD ADAPT RULES ON NON-TARIFF BARRIERS TO THE PARTICULAR SITUATION OF DEVELOPING COUNTRIES. IN SETTING INTERNATIONAL STANDARDS FOR GOVERNMENT CONFIDENTIAL

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PROCUREMENT PRACTICES, FOR EXAMPLE, THE UNITED STATES WILL NEGOTIATE SPECIAL CONSIDERATION FOR THE DEVELOPING COUNTRIES. WE WILL ALSO NEGOTIATE ON THE BASIS THAT CERTAIN SUBSIDIES GEARED TO ACHIEVING PARTICULAR DEVELOPMENT OBJECTIVES WILL BE PERMITTED WITHOUT TRIGGERING COUNTERVAILING DUTIES.

14. FINALLY, WE WILL WORK FOR EARLY AGREEMENT ON TARIFFS FOR TROPICAL PRODUCTS, WHICH ARE A MAJOR SOURCE OF EARNINGS FOR THE DEVELOPING WORLD. THE UNITED STATES WILL IMPLEMENT ITS TARIFF CUTS ON THESE PRODUCTS AS SOON AS POSSIBLE (NOTE: WE'VE ASKED WASHINGTON TO BE MORE SPECIFIC) RATHER THAN AWAITING THE COMPLETION OF THE TRADE NEGOTIATIONS.

15. THE DEVELOPING COUNTRIES HAVE OBLIGATIONS IN RETURN. WE CANNOT ACCEPT THAT ANY NATION CAN ARBITRARILY WITHHOLD OR INTERFERE WITH NORMAL EXPORTS OF MATERIALS. THIS PRACTICE--BY DEPRIVING OTHER COUNTRIES OF NEEDED GOODS--CAN TRIGGER UNEMPLOYMENT, CUT PRODUCTION, AND FUEL INFLATION. IT IS THEREFORE AS DISRUPTIVE AS ANY OF THE OTHER TRADE BARRIERS I

HAVE DISCUSSED. WE URGE NEGOTIATIONS ON RULES TO
LIMITE AND GOVERN THE USE OF EXPORT RESTRAINTS, A
LOGICAL EXTENSION OF EXISTING RULES ON IMPORTS.
THE UNITED STATES WILL JOIN OTHERS IN NEGOTIATING
SPECIFIC COMMITMENTS TO GUARANTEE THE AVAILABILITY
OF COMMODITIES THAT WE EXPORT.

16. BUT COMMODITIES CAN BE ADDRESSED ONLY IN PART
IN THE CONTEXT OF THE TRADE NEGOTIATIONS. FOR SOME
SERIOUS COMMODITY PROBLEMS, SPECIAL ARRANGEMENTS
AND DIFFERENT INSTITUTIONAL STRUCTURES ARE REQUIRED.
LT ME NOW TURN TO THAT SUBJECT.
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